

**To:** Thom Moton  
**From:** Marcae' Hilton  
**Date:** August 15, 2013  
**Re:** Cox Communications Franchise Fee FAQ's

1. **What is a franchise fee?**

A franchise fee is a payment received from public service providers granting them use of public right of way within the City of Broken Arrow in order to market their goods or services within city limits.

2. **Who pays the franchise fee?**

Public service providers are legally obligated to pay the set fees to the City. The provider is then permitted by Federal or State law to pass the fee on to the customer.

3. **Did citizens of Broken Arrow vote for this fee increase?**

Recommendations regarding fees for services, originate within the designated City departments; they receive final approval from the Mayor and Council who are elected by popular vote in the City of Broken Arrow. Broken Arrow's franchise agreement with Cox Cable was executed March 24, 2003, allows the City of Broken Arrow to charge up to 5% franchise fee on gross revenues.

4. **How will I know if my bill will be affected?**

Cox Communications notified customers of this change through a bill message which was included on their July Billing Statements, and through a legal notification in the Broken Arrow Daily Ledger.

5. **What is the bottom line and how will this be reflected my cable bill?**

Each resident will be billed according to their selected Cable package. Effective August 5, 2013, customers will see a 2% increase on their bill. If the regular bill is \$125.00 per month, the consumer will pay an additional \$2.50 each month.

6. **Do other cities receive franchise fees from cable providers?**

Yes, before submitting the increase to City Council, the City of Broken Arrow considered the surrounding communications and evaluated the rate each city was charging for their cable franchise fee. The original COX contract allowed for an increase up to 5%. This is comparable to other Oklahoma cities of similar size or smaller.

Oklahoma City	5%	Tulsa	7%	2% Right-of-Way
Stillwater	5%			5% Video Service
Lawton	5%	Norman	5%	

**7. How does collection of the franchise benefit the public?**

The matter of payments regarding utility franchise fees is long standing. When cities engage in public improvements, such as constructing new roads projects, new sidewalks, multiple-use trails, widening existing roadways, or undertaking streetscapes project such as the Main Street Streetscapes Project, the city incurs the cost of the needed land acquisition. The City of Broken Arrow must pay for this right of way usage unless the land is donated. Over the last several years, the City has experienced a dramatic increase in right of way acquisition costs. In addition, the utility provider requires the use of a City's roadways and operates within the right of way and utility easement provided by the City. This allows companies such as Cox Communications to conduct business. The franchise fee increase will help alleviate some of the cost related to right of way purchases and help finance capital improvement projects.

**8. What is the \$0.20 cent Capital Contribution Fee and how will it be used?**

This Capital Contribution Fee is targeted to benefit two areas of our city: fifty percent of each fee is dedicated to Broken Arrow Public Schools and Union Public School to be divided in proportion to the student population residing in Broken Arrow. The additional fifty percent of the Capital Contribution will be dedicated to the City of Broken Arrow government access channel, as well as, promotion and marketing of Broken Arrow through this channel which is a high priority of the council and staff. As a result, Broken Arrow's government access channel (Channel 24), will provide more opportunities for residents to engage in and be informed of City affairs and services. The improved channel will enable Broken Arrow visitors to see why Broken Arrow is a place on the rise and great place to live and work.

**9. What are the benefits of franchise agreements to cable providers?**

These contracts or agreements define the responsibilities of all parties  
The agreement provides a plan for the placement of the lines which results in less confusion during repairs, natural disasters, or accidents.

**10. What is the additional projected revenue as related to the COX Cable franchise fee increase?**

The City of Broken Arrow estimates an increase of \$500,000.00 for the 2014 FY budget by increasing the franchise fee from 3% to 5%.

**11. Who handles questions concerning COX Communications franchise fees?**

The City of Broken Arrow will handle all cable questions regarding franchise fees.  
Please see our website or call 918-259-2400 ext. 5309 to speak with our Communications Director/Public Information Officer